

## Message Text

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ACTION ARA-10

INFO OCT-01 SS-14 ADP-00 NSC-10 NSCE-00 CIAE-00 INR-10

NSAE-00 RSC-01 PM-03 DODE-00 OMB-01 L-02 SNM-02 EB-03

PRS-01 IO-03 DEAE-00 TRSE-00 AGR-01 AID-10 RSR-01

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R 261731Z JUL 73

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 8068

INFO PAN CANAL

USSOUTHCOM

S E C R E T PANAMA 3949

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EO 11652: XGDS-1, DECLAS. DATE UNDERTERMINED

TAGS: PFOR, PN, US

SUBJ: US-PANAMANIAN RELATIONS

1) SUMMARY: I SAW PRESIDENT LAKAS AT 0900 JULY 26 AND TALKED TO HIM ABOUT SEVERAL MATTERS OF CURRENT INTEREST. HE HOPED SQUATTER ISSUE COULD BE KEPT AT TECHNICAL MILITARY LEVEL ALTHOUGH I TOLD HIM FOREIGN MINISTER HAD ALREADY SENT NOTE (PANAMA 3945). HE PROMISED TO CONSIDER PANAMANIAN CONTRIBUTION TO UNFDAC (STATE 142639). HE WAS CONCERNED ABOUT POLITICAL DEVELOPMENTS IN CHIRIQUI AND VIEWED IT AS BASICALLY A FIGHT BETWEEN COMMUNISTS AND NON-COMMUNISTS. HE WAS PLEASED WITH MY COMMENTS ON SUBSTANTIAL IMPROVEMENT IN PANAMANIAN PERFORMANCE ON CONTROLLING DRUG TRAFFIC AND MANAGING GOVERNMENT FISCAL SITUATION, AGREED THAT IT WAS ESSENTIAL TO MANAGE POLITICAL SIDE WELL, AND ACKNOWLEDGED AGRICULTURE CONTINUES TO BE MAJOR SHORTCOMING.

2) SQUATTERS: I ASKED PRESIDENT IF HE WERE AWARE WHAT  
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WAS HAPPENING ON SQUATTERS IN CANAL ZONE NEAR VERA CRUZ.

HE SAID THAT IN VIEW OF GOOD RELATIONS BETWEEN BN AND U S MILITARY HE DID NOT UNDERSTAND WHY FOREIGN MINISTER AND PRESS WERE STIRRING IT UP AND SUPPORTING SQUATTERS. I REVIEWED DISCUSSIONS BETWEEN BN AND US MILITARY AND BETWEEN FOREIGN MINISTER AND ME OVER PAST YEAR. I NOTED THAT AFTER CLOSURE OF RIO HATO AS U S BASE, U S MILITARY HAD CONSOLIDATED ALL ITS TRAINING IN ZONE. WE NEEDED AREAS INVOLVED FOR TRAINING INCLUDING FIRING PRACTICE. WE HAD TO KEEP ARAS CLEAR SO THAT NO PANAMANIAN WOULD BE INJURED. ALSO GOP HAD GRANTED RIGHT TO U S TO USE LAND AND WE WERE ACTING WITHIN OUR TREATY RIGHTS. I HOPED THAT SITUATION WOULD NOT BE AGITATED TO POINT IT WOULD CAUSE STRAIN IN RELATIONS AND HAVE ADVERSE AFFECT ON PANAMANIAN ECONOMIC SITUATION. PRESIDENT AGREED AND HOPED U S MILITARY WOULD TAKE ADVANTAGE OF GOOD RELATIONS WITH GN AND SETTLE ISSUE SO IT WOULD NOT HAVE TO BE SETTLED AT POLITICAL LEVEL.

3) CHIRIQUI: PRESIDENT EXPRESSED CONCERN ABOUT POLITICAL DEVELOPMENT IN DAVID WHICH STARTED WITH CRITICISM BY SECONDARY SCHOOL DIRECTOR OF PANAMANIAN YOUTH FESTIVAL IN DAVID AND DEMAND BY LEFTIST STUDENTS FOR HER REMOVAL. IT HAD ESCALATED TO SCUFFLE WITH GN, REMOVAL OF GOVERNOR, ETC. HE SAID THAT LEFTISTS WERE CLAIMING TO BE MEMBERS OF 16TH OF DECEMBER GROUP (DECEMBER 16, 1969, IS DATE TORRIJOS RETURNED TO PANAMA AFTER ATTEMPTED OVERTHROW). I REPLIED COLONEL NORIEGA (WHO HAD BEEN SENT UP TO STRAIGHTEN OUT PROBLEM) AND HIS TROOPS WERE THERE, BUT I HAD NEVER HEARD ABOUT OTHERS WHO NOW CLAIM TO HAVE HELPED. LAKAS THEN DISCUSSED PHILOSOPHICALLY WHY TORRIJOS PERMITTED COMMUNISTS TO MEET AS POLITICAL PARTY (TO BLOW OFF STEAM) AND WHY HE GAVE THEM POSITIONS (TO BURN OR CONVERT THEM). I REPLIED THAT I COULD UNDERSTAND LETTING THEM BLOW OFF STEAM BUT PUTTING THEM IN CHARGE LED TO SITUATIONS LIKE CHIRIQUI. HE REPLIED THAT GOVERNORS HAVE NO AUTHORITY. I SAID JOB DESCRIPTION IS NOT IMPORTANT IF INDIVIDUAL IS ACTIVE AND POWER GRAVITATES TO HIM. PRESIDENT REFERRED TO STUDENT PARADE IN PANAMA CITY TO COMMEMORATE 20TH ANNIVERSARY OF CASTRO'S ATTACK ON MONCADA BARRACKS. HE WAS IN SAN BLAS TO DISCUSS PROBLEMS WITH CUNA INDIANS AND WHEN HE RETURNED AND ASKED ABOUT PARADE WAS TOLD BY

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COLONEL GARCIA THAT GARCIA WAS NOT FAMILIAR WITH IT. I SAID THAT I HAD HEARD POSTERS HAD BEEN PUT ALL AROUND PANAMA CITY EMPHASIZING CUBA-PANAMANIAN FRIENDSHIP AND USING THE CUBAN SLOGAN "PATRIA O MUERTO VENCEREMOS." I SAID THAT I WAS SURPRISED THAT TORRIJOS WOULD AUTHORIZE AND ENCOURAGE CELEBRATION IN PANAMA OF AN ASSAULT ON A MILITARY BARRACKS. LAKAS SAID ALL OF THIS ACTIVITY WAS UNSETTLING.

4) UNFDAC: I SAID THAT I WOULD BE TALKING TO FOREIGN MINISTER ABOUT UNFDAC BUT I KNEW HOW HARD HE (LAKAS) WAS TRYING TO CONTROL BUDGET. NEVERTHELESS I URGED THAT PANAMA BE COUNTED ON THIS ISSUE AND HOPED THAT HE COULD FIND FUNDS SOMEWHERE TO MAKE CONTRIBUTION. HE SAID THAT HE WOULD BE MEETING WITH MINISTER OF PLANNING IMMEDIATELY AFTER HIS MEETING WITH ME AND HE WOULD SEE WHERE HE COULD GET THE MONEY. HE WANTED TO SHOW PANAMANIAN GOOD WILL IN SUPPORTING INTERNATIONAL DRUG CONTROL EFFORTS.

5) NARCOTICS CONTROL: I TOOK OPPORTUNITY TO EXPRESS OUR SATISFACTION WITH STEPPED UP DRUG CONTROL PROGRAM IN PANAMA. I SAID THAT I THOUGH COLONEL NORIEGA HAD PUT TOGETHER GOOD PROGRAM. HE SEEMED UPSET BY THE REFERENCE TO NORIEGA AND I SAID THAT I KNEW WHERE THE PRESSURE WAS COMING TO GET SOMETHING DONE. I ONLY WANTED HIM TO KNOW THAT HIS EFFORTS WERE PAYING OFF AND THAT HIS OFICIALS DOWN THE LINE WERE DOING THEIR JOB.

5) ECONOMIC SITUATION: I ALSO TOOK OPPORTUNITY TO SAY THAT HEMUST BE PLEASED AT HOW WELL HE WAS DOING ON MANAGEMENT OF GOVERNMENT'S BUDGETARY AND FISCAL SITUATION. HE WAS HAPPY THAT WE HAD NOTED IMPROVEMENT. I WENT ON TO SAY THAT IF HE COULD DO AS WELL ON AGRICULTURE AND MAKE SURE THAT THE POLITICAL SITUATION REMAINED CALM (I ALLUDED TO DAMAGE THAT A CRISIS OVER SQUATTERS WOULD CAUSE), HE WOULD BE DOING VERY WELL INDEED. IF THERE WERE A SERIOUS POLITICAL INCIDENT, HOWEVER, IT WOULD UPSET HIS ECONOMIC APPLE CART. HE SAID THAT HE WAS WELL AWARE THAT HE WOULD HAVE TO GET HIS MINISTER OF AGRICULTURE TO DO SOMETHING ON AGRICULTURAL POLICY AND PRODUCTION AND NOT CONCENTRATE ALL OF HIS TIME ON POLITICS. HE ALSO

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HOPED THE GOP COULD AVOID PROBLEMS LIKE CHIRIQUI AND THE GOP AND U S COULD KEEP ISSUES LIKE SQUATTERS FROM GETTING OUT OF HAND. I PROMISED HIM THAT I WOULD DO WHAT I COULD ON LATTER ISSUE.  
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## Message Attributes

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**Status:** NATIVE  
**Subject:** US-PANAMANIAN RELATIONS 1) SUMMARY: I SAW PRESIDENT LAKAS AT 0900 JULY 26 AND  
**TAGS:** PFOR, PN, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005